

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1481

To clarify the regulatory authority of the Federal Deposit Insurance Corporation with respect to deposit insurance fund management, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

APRIL 7, 1995

Mr. LAFALCE introduced the following bill; which was referred to the  
Committee on Banking and Financial Services

---

## A BILL

To clarify the regulatory authority of the Federal Deposit Insurance Corporation with respect to deposit insurance fund management, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Federal Deposit Insur-  
5       ance Corporation Regulatory Flexibility Act of 1995”.

6       **SEC. 2. ADMINISTRATION OF FICO ASSESSMENTS BY FDIC.**

7       Section 21(f)(2) of the Federal Home Loan Bank Act  
8       (12 U.S.C. 1441(f)(2)) is amended by striking “the Fi-  
9       nancing Corporation, with the approval of the Board of

1 Directors of the Federal Deposit Insurance Corporation”  
2 and inserting “the Board of Directors of the Federal De-  
3 posit Insurance Corporation, after consultation with the  
4 Financing Corporation,”.

5 **SEC. 3. AVAILABILITY OF RTC FUNDS FOR DEPOSIT INSUR-**  
6 **ANCE PURPOSES.**

7 Section 11(a) of the Federal Deposit Insurance Act  
8 (12 U.S.C. 1821(a)) is amended—

9 (1) by adding at the end the following new  
10 paragraph:

11 “(9) AVAILABILITY OF RTC FUNDING.—

12 “(A) IN GENERAL.—The Secretary of the  
13 Treasury shall provide, out of funds appro-  
14 priated to the Resolution Trust Corporation  
15 under section 21A(i)(3) of the Federal Home  
16 Loan Bank Act and not needed by the Resolu-  
17 tion Trust Corporation, to the Corporation, at  
18 the request of the Board of Directors, such  
19 amounts as the Board of Directors requests for  
20 any of the following purposes:

21 “(i) To cover the interest payments,  
22 issuance costs, and custodial fees on obli-  
23 gations issued by the Financing Corpora-  
24 tion.

1           “(ii) To make deposits in the Savings  
2           Association Insurance Fund of such  
3           amounts as may be needed to carry out the  
4           purposes of this Act.

5           “(iii) To satisfy claims against the  
6           Federal Government arising from changes  
7           in the statutory treatment of supervisory  
8           goodwill (on the books of the Corporation  
9           as of the date of the enactment of Finan-  
10          cial Institutions Reform, Recovery, and  
11          Enforcement Act of 1989) pursuant to sec-  
12          tion 5(t) of the Home Owners’ Loan Act.

13          “(B) RETURN TO TREASURY.—If the ag-  
14          gregate amount of funds transferred to the Cor-  
15          poration under subparagraph (A) exceeds the  
16          amount necessary to carry out the purposes of  
17          such subparagraph, such excess amounts shall  
18          be deposited in the general fund of the Treas-  
19          ury.”.

20 **SEC. 4. LIMITED FDIC AUTHORITY TO TEMPORARILY**  
21 **TRANSFER FUNDS BETWEEN THE BIF AND**  
22 **SAIF.**

23          Section 11(a)(4) of the Federal Deposit Insurance  
24          Act (12 U.S.C. 1821(a)) is amended by adding at the end  
25          the following new subparagraph:

1           “(C) TRANSFER OF FUNDS.—Notwith-  
2           standing subparagraph (A), the Corporation  
3           may transfer, for such period of time and under  
4           such conditions as the Corporation determines  
5           to be appropriate, an amount not to exceed the  
6           amount equal to .03 percent of the assessment  
7           base of any deposit insurance fund from such  
8           fund to another deposit insurance fund to the  
9           extent necessary to achieve or maintain the des-  
10          ignated reserve ratio of the fund to which such  
11          assets are transferred.”.

12 **SEC. 5. 1-TIME SPECIAL SAIF CAPITALIZATION ASSESS-**  
13 **MENT.**

14          Section 7(b) of the Federal Deposit Insurance Act  
15          (12 U.S.C. 1817(b)) is amended by adding at the end the  
16          following new paragraph:

17               “(8) SPECIAL 1-TIME ASSESSMENT TO RECAPI-  
18          TALIZE SAIF.—

19               “(A) IN GENERAL.—The Corporation may,  
20               in the discretion of the Board of Directors, im-  
21               pose a special assessment on each Savings As-  
22               sociation Insurance Fund member in an  
23               amount not greater than 0.40 percent of the as-  
24               sessment base, as of January 1, 1995, on which  
25               assessments are imposed under the risk-based

1 assessment system established pursuant to  
2 paragraph (1).

3 “(B) DEPOSIT OF ASSESSMENT IN SAIF.—  
4 The proceeds of any assessment imposed under  
5 subparagraph (A) shall be deposited in the Sav-  
6 ings Association Insurance Fund.

7 “(C) IMPOSITION OVER PERIOD OF  
8 YEARS.—The assessment authorized under sub-  
9 paragraph (A) may be imposed incrementally  
10 over such period of years as the Board of Di-  
11 rectors may determine to be appropriate, except  
12 the larger percentage of any such incremental  
13 assessment shall be allocated to the first year of  
14 the effective period for such assessment.

15 “(D) ABATEMENT FOR TROUBLED INSTI-  
16 TUTIONS.—The Board of Directors may abate  
17 any portion of any assessment under this para-  
18 graph in the case of any undercapitalized insti-  
19 tution or any institution which would become  
20 undercapitalized as a result of the imposition of  
21 such assessment.”.

1 **SEC. 6. ESTABLISHMENT OF DESIGNATED RESERVE RATIO**  
2 **AS A FLOOR RATHER THAN A TARGET.**

3 (a) Section 7(b)(2)(A)(iv) of the Federal Deposit In-  
4 surance Act (12 U.S.C. 1817(b)(2)(A)(iv)) is amended to  
5 read as follows:

6 “(iv) ESTABLISHMENT OF DES-  
7 IGNATED RESERVE RATIO.—The Board of  
8 Directors shall establish the designated re-  
9 serve ratio for each insurance fund in ac-  
10 cordance with the following:

11 “(I) The designated reserve ratio  
12 of any insurance fund shall be not less  
13 than 1.25 percent of the estimated in-  
14 sured deposits of members of such  
15 fund.

16 “(II) The ratio of any insurance  
17 fund shall be established at an  
18 amount which the Board of Directors  
19 determines will provide for an appro-  
20 priate amount of reserves against  
21 losses which may reasonably be ex-  
22 pected to be incurred by the fund  
23 without resulting in an excessive  
24 buildup in the fund.”.

25 (b) REDUCTION IN ASSESSMENT RATE IF DES-  
26 IGNATED RESERVE RATIO IS MET.—Section 7(b)(2)(A)

1 of the Federal Deposit Insurance Act (12 U.S.C.  
2 1817(b)(2)(A)) is amended by adding at the end the fol-  
3 lowing new clause:

4 “(v) CLARIFICATION OF AUTHORITY  
5 TO REDUCE ASSESSMENTS AMOUNTS.—The  
6 authority of the Board of Directors to set  
7 semiannual assessments to maintain the  
8 reserve ratio of any insurance fund at the  
9 designated reserve ratio includes the au-  
10 thority to reduce such assessments by any  
11 appropriate amount if the reserve ratio of  
12 such fund is equal to or greater than the  
13 minimum designated reserve ratio of such  
14 fund.”.

15 **SEC. 7. CLARIFICATION ON USE OF INSURANCE FUND AS-**  
16 **SESSMENTS.**

17 Section 7(b) of the Federal Deposit Insurance Act  
18 (12 U.S.C. 1817(b)) is amended by adding at the end the  
19 following new paragraph:

20 “(8) USE OF INSURANCE ASSESSMENTS.—  
21 Amounts received by the Corporation pursuant to  
22 assessments on insured depository institution under  
23 this subsection shall be used primarily for insurance  
24 fund purposes and shall not be unduly diverted to  
25 other uses.”.

1 **SEC. 8. CLARIFICATION THAT CERTAIN INSTITUTIONS IN-**  
2 **SURED BY THE SAIF ARE SUBJECT TO FICO**  
3 **ASSESSMENTS.**

4 Section 21(f)(2) of the Federal Home Loan Bank Act  
5 (12 U.S.C. 1441(f)(2)) is amended by inserting after  
6 “Savings Association Insurance Fund member” the fol-  
7 lowing: “, including any Savings Association Insurance  
8 Fund member referred to in section 5(d)(2)(G) of the Fed-  
9 eral Deposit Insurance Act and, in the case of any Bank  
10 Insurance Fund member which has deposits which are  
11 treated (under section 5(d)(3) of such Act) as deposits  
12 which are insured by the Savings Association Insurance  
13 Fund, the adjusted attributable deposit amount with re-  
14 spect to such member as determined under subparagraph  
15 (C) of section 5(e)(3) of such Act for purposes of subpara-  
16 graph (B)(i) of such section,”.

17 **SEC. 9. REPEAL OF MINIMUM SAIF ASSESSMENT RULE.**

18 Section 7(b)(2) of the Federal Deposit Insurance Act  
19 (12 U.S.C. 1817(b)(2)) is amended by striking subpara-  
20 graph (E).

○